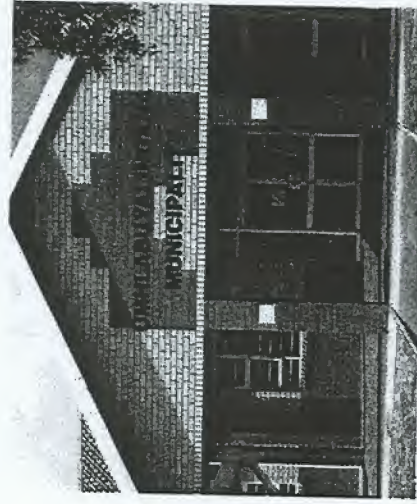


OVERVIEW OF UMHLABUYALINGANA MUNICIPAL AREA



A. BACKGROUND

Umhlabyalingana Local Municipality is one of the five local Municipalities under the jurisdiction of uMkhanyakude District Municipality in the northern KwaZulu Natal. It is a rural municipality initiated in the year 2000 when the third sphere of government was established. It is one of the transfrontier municipalities as it borders Mozambique and stretches to the Greater ST. Lucia Wetland Park. One of the highlights about our municipality is that it has been marked as the Presidential nodal point which means it is very underprivileged. Although this might seem as a huge disadvantage but our municipality is growing from strength to strength every year.

the level of economy and therefore poverty levels becomes high. Almost 54% is uneducated and those few that are educated only 10% is employed and a large number of our population is economically inactive which means they live dependently on government grants. Such high levels of unemployment are indicative of a poor absorption capacity of the local economy.

POLITICAL AND MANAGEMENT STRUCTURE

As a government structure we have two structures of management/leadership, the political side elected by the community and the administration management. Our political structure consists of 26 councillors. The administration management consists of six departments, Management Services Department, Corporate Services Department, Department of Local Economic Development, Community Services Department, Finance Department and Technical Services Department.

These two structures work co-operatively in the municipality with the same vision of improving lives of the people of Umhlabyalingana. The 13 Wards in our Municipality are led as follows:

Ward 1	:	Cllr PM Ngubane
Ward 2	:	Cllr DA Ncube – Honourable Mayor
Ward 3	:	Cllr MJ Zikhali
Ward 4	:	Cllr W Mbonambi
Ward 5	:	Cllr T Mthembu – Deputy Mayor
Ward 6	:	Cllr LM Nhleko
Ward 7	:	Cllr KS Gumede
Ward 8	:	Cllr DP Khumalo
Ward 9	:	Cllr MV Mahamba
Ward 10	:	Cllr MC Ngubane
Ward 11	:	Cllr TS Mkhombo
Ward 12	:	Cllr NS Mthembu
Ward 13	:	Cllr SI Mabika

The municipality also got 13 PR Councillors, they are as follows:

- Cllr SI Mkhumbuzi
- Cllr MN Nxumalo
- Cllr TC Nxumalo
- Cllr MS Mnguni
- Cllr NR Mthethwa
- Cllr SH Nxumalo
- Cllr WT Dladla
- Cllr MW Nxumalo
- Cllr LE Ngubane
- Cllr SP Mthethwa

- Cllr MJ Mthiyane
- Cllr MS Mabika
- Cllr FG Mlambo

MUNICIPAL VISION AND MISSION

VISION

We want to see ourselves as the most democratic and developmental municipality in South Africa that will enhance socio-economic growth for all people.

MUNICIPAL DEVELOPMENTAL VISION

The vision underpins an integrated approach to improving the standard of living of all people in the area of Umhlabyalingana area. In order to achieve this vision, the municipality will have to persist functioning in an accountable and financial sound manner.

MISSION

“To create an enabling environment and sustainable development which promotes equality and, freedom, poverty reduction and quality of life for our communities.



MAYOR
CLLR D.A. NCUBE₄

UMHLABUYALINGANA MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2008

FOREWORD BY THE HONORABLE MAYOR

Just from very difficult year in terms of financial challenges I am pleased to report that the municipality is showing a recovery from the past year reported accumulated deficit which is evidenced by reporting a comeback operating surplus of R 2 093 635 from operating deficit of R8 690 415 ,however we will endeavor for further decrease of this deficit during the preceding financial year.

The budget for the 2008/2009 financial year has been submitted to the National Treasury for approval.

The emphasis will now remain on maintaining sound financial controls to ensure that spending is properly managed.

My thanks go the Municipal Manager and his staff and my fellow councilors and various committees for the hard work and cooperation during the year and the atmosphere in which I have been able to perform my duties.

I believe that with the dedication of everyone at council our work will go a long way to achieving needs of the communities within our Municipal boundary.

THE HONORABLE MAYOR
Clir D A NCUBE



Municipal Manager
Rev. S.E. Manqele⁶



FOREWORD BY THE MUNICIPAL MANAGER

We are pleased to present 2007/ 2008 Annual Report of Umhlabuyalingana Local Municipality (U.L.M). This annual report gives an account of how Umhlabuyalingana Local Municipality has performed in relation to the developmental target it had itself as informed by its mandates and services delivery needs of the citizens of Umhlabuyalingana. This report is prepared in accordance with the Municipality Financial Management Act (MFMA). In preparing this report, we have focused on ULM's strategic goals, as committed to in our IDP, and describe our performance towards the achievement of our identified priorities. Our priorities were drawn from communications with our Councilors and the employees of the Municipality.

Our Council and Officials have shown themselves ready to meet our citizens expectations for improved service delivery and are responding with imaginative and innovation solutions.

Through this report, we place ourselves at and welcome your judgment. We commit to an even greater focus on listening to and learning from you, the citizens and owners of this Municipality. In so doing, we will continue to raise our performance and service delivery to the levels required to meet all our citizens needs and expectations. Let us move forward , with the objective of building a better future for all , as our guiding principles.

Municipal Manager

Rev S.E. Manqele

**REPORTS OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVISIONAL
LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE
INFORMATION OF UMHLABUYALINGANA MUNICIPALITY FOR THE YEAR ENDED 30 JUNE
2008.**

REPORT OF THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Umhlabuyalingana Municipality which comprises the balance sheet as at 30 June 2008, income statement, cash flow statement for the year ended, and a summary of significant accounting policies and other explanatory notes as set out on pages [xx] to [xx].

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the entity-specific basis of accounting, as set out in accounting policy note and in the manner required by the Local Government Municipal Management Act, 2003 (Act No.56 of 2003) (MFMA), and the Division of Revenue Act, 2007 (Act No. 1 of 2007 (DoRA). This responsibility includes:
 - Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - Selecting and applying appropriate accounting policies
 - Making accounting estimates that are reasonable in the circumstances

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No 25 of 2004) (PAA), my responsibility is to express in opinion on these financial statements based on my audit.
4. I conducted my audit on accordance with the International Standards on Auditing and General Notice 616 of 2008, issued in Government Gazette No. 31057 of plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error in making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

6. An audit also includes evaluating the:
 - Appropriateness of accounting policies used
 - Reasonableness of accounting estimates made by management
 - Overall presentation of the financial statements

7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion

Basis of accounting

8. The municipality's policy is to prepare financial statements on the entity-specific basis of accounting, as set out in accounting policy note 1.

Basis for qualified opinion

Debtors

9. The financial statements reflect a Value Added Tax (VAT) receivable amount of R5 220 268 in Note 7. This receivable represents claims for VAT refunds in respect of a number of VAT periods including R3 836 301 relating to prior years. The municipality is currently undergoing a VAT audit by South African Revenue Services (SARS). Since we have not been provided with apportionment confirmation of the claim receivable, the claim of R3 836 301 relating to prior year is considered to be irrecoverable and has been recorded on the schedule of unrecorded audit differences.

As a result VAT debtors are overstated and expenditure understated by R3 836 301.

Creditors

10. The amount in respect of Pay As You Earn (PAYE) due for the year to June 2008 reflected on the statement from SARS was R1 342 407. This excludes penalties and interest of R127 780 and R94243 respectively not raised and recorded in the books of the municipality. The municipality paid R504 060 of this liability. However, the outstanding PAYE liability was recorded in the financial statements as R702 836 which is understated by R135 511 (R361 534 including penalties and interest).

As a result creditors are understated and expenditure overstated by R135 511 (R361 534 including interest and penalties).

Qualified opinion

11. In my opinion, except of the matters described in the basis for qualified opinion paragraphs the financial statements of the Umhlalabyalingana Municipality as at 30 June 2008 and his financial performance and cash flows for the year then ended have been prepared, in all material respects, in all accordance with the basis of accounting as set out in accounting policy note 1 and in the manner required by the MFMA and DORA.

Emphasis of matters

I draw attention to the following matters:

Going concern

12. With regards to concomitant assets, Umhlalabyalingana Municipality had an accumulated operating deficit of R8 916 893 at 30 June 2008 and as at that date the entity had a cash overdraft per the financial statements amounted to R13 087 222. Consequently, there is a shortfall of R142 970 in the financing of the funds, reserves, creditors and provisions.

In addition, the municipality is unable to meet all its daily current creditor commitments and payments. This is due to the erosion of its capital base over the last two years and resulting in creditors being financed through short-term overdraft.

Unauthorized expenditure

13. The municipality incurred unauthorized expenditure of R2,5 million, being conditional capital grant funding utilized for operating expenditure. The unauthorized expenditure is in terms of section 1 of the MFMA – Definitions (Unauthorized expenditure (f) – a grant by the municipality otherwise than in accordance with this Act).
14. Unauthorized expenditure of R555 498 was incurred, being over-expenditure of repairs and maintenance and leave encashment budgets. The over-expenditure was not taken to council for ratification as required by section 29(3) of the MFMA. This is in terms of section 1 of the MFMA – Definitions (Unauthorized expenditure – overspending of the total amount appropriate for a vote in the approved budget).

OTHER MATTERS

I draw to the following matters that relate to my responsibilities in the audit of the financial statements

Internal controls

15. Section 62 (1)(c)(1) of the MFMA states the accounting officer must ensure that the municipality has an maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the efficiencies in the system of internal control, which led to the qualified opinion. The root causes are categorized according to the five components of an effective system of internal control. In certain instances deficiencies exist more than one internal control component.

Reporting item	Control environment	Risks Assessment	Control activities	Information and communication	Monitoring
Debtors					
Creditors					
<p><u>Control environment</u>: establish the foundation for the internal control system by providing fundamental discipline and structure for financial reporting</p> <p><u>Risk assessment</u>: involves the identification and analysis by management of relevant financial reporting risks to achieve predetermined financial reporting objectives.</p> <p><u>Control activities</u>: policies, procedures and practices that ensures that management's financial reporting objectives are achieved and financial reporting risk mitigation strategies are carried out.</p> <p><u>Information and communication</u>: supports all other control components by communicating control responsibilities for financial reporting to employees and by providing financial reporting information in a form and time frame that allows people to carry out their financial reporting duties.</p> <p><u>Monitoring</u>: covers external oversight of internal controls over financial reporting by management or other parties outside the process, or the application of independent methodologies like customized procedures standard checklist, by employees within a process</p>					

Non-compliance with applicable legislation

Municipal Finance Management Act

16. In accordance with Section 29 (3) of the MFMA No 56 of 2003, an adjustment budget was not passed within 60 days after the incurring of unauthorized expenditure, in order for the council to ratify the expenditure.
17. MFMA circular no 34: section 1 was not adhered to, as contracts awarded in excess of R100 000 were not reported to National Treasury as required.

Division of Revenue

18 In accordance with section 71 of the DORA for the period June 2008, the accounting officer of the municipality did not submit to national treasury, the electronic or signed returns on its conditional grant spending in terms of section 31(2)

Supply chain management

19 In accordance with section 12(1) (a) the municipality did not follow the required range of supply chain management (SCM) processes to include tenders, quotations, auctions, and other types of competitive bidding.

Matters of governance

20. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows

Matter of governance	Yes	No
• The municipal had an audit committee in operation throughout the financial year	✓	
• The audit committee operates in accordance with approved written terms of reference	✓	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA	✓	
Internal audit		
• The municipality had an internal audit function in operation throughout the financial year	✓	
• The internal audit function operates in terms of an approved internal audit plan.		✓
• The internal audit function substantially fulfilled its responsibilities for the as set out in section 165(2) of the MFMA.		✓
Other matters of governance		
• The annual function statements were submitted for audit as per the legislated deadlines (Section 126 of the MFMA)	✓	
• The annual report was submitted to the auditor for consideration prior to the date of the auditor's report		✓
• The financial statements submitted for audit were not subject to material amendments resulting from the audit		✓
• No significant difficulties were experienced during the audit concerning the delays of the unavailability of expected information and / or the unavailability of senior management		✓
• The prior year's external audit recommendations have been substantially implemented.		✓
Implementation of Standards of Generally Recognized Accounting Practice (GRAP)		
• The municipality submitted in implementation plan , detailing progress towards full complaints with, GRAP, to the National Treasury and the relevant provisional treasury before 30 October2007		✓
• The municipality substantially complied with the implementation plan it submitted to the National Treasury and the relevant treasury before 30 October 2007, detailing it progress towards full compliance with GRAP.		N/A
• The municipality submitted an implementation plan, detailing further progress towards full compliance with GRAP, to the National Treasury and the relevant provisional before 31 March 2008		✓

Unaudited supplementary schedules

21. The supplementary information set out in appendix A to F does not form part of the financial statements and is presented as additional information. I have not audited this schedule and accordingly do not express an opinion thereon.

OTHER REPORTING RESPONSIBILITIES

REPORT PERFORMANCE INFORMATION

22. I was engaged to review the performance information.

Responsibility of the accounting officer for the performance information

23. In terms sections 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Local Government Municipality Systems Act, 2000 (Act No 32 of 2000) (MFA).

Responsibility of the Auditor-General

24. I conducted my engagement in accordance with section 13 of the PAA read with General Notice 616 of 2008 and section 45 of the Municipal Systems Act No 32 of 2000.
25. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures selected depend on the auditors judgment.
26. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below

Audit findings (performance information)

Non-compliance with regulatory requirements

27. In accordance with section 38 (a) of the MSA, the municipality could not provide a detailed description of the process followed for the municipality established a performance information system that is:
- commensurate with its resources,
 - best suited to its circumstances and
 - in line with the priorities, objectives, indicators and targets contained in its integrated development plan.
28. In accordance with section 38 (c) of the MSA, the municipality could not provide a portfolio of evidence to support the final performance ratings to provide assurance that the municipality administered its affairs in an economical, effective, effective, efficient and accountable manner.
29. No performance information report was presented for an annual audit in terms of section 45(b) of the MSA by the date of my report.

Appreciation

30. The assistance rendered by the Umhlabyalingana Municipality during the audit is sincerely appreciated.

Pietermaritzburg 28 November 2008

UMHLABUYALINGANA MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2008

GENERAL INFORMATION

Members of the Executive Committee

Mayor : Councilor D. A. Ncube
Deputy Mayor : Councilor T. Mthembu
Councilors (Exco) : TS Mkhombo
: NR Mthethwa
: MS Mabika

GRADING OF LOCAL AUTHORITY

Grade 2

AUDITORS

Auditor General

BANKERS

First National Bank of SA Limited

REGISTER OFFICES

Municipal Offices

Private Bag x 901
KWANGWANASE
3973

Telephone: (035) 5920680
Fax : (035) 5920672

MUNICIPAL MANAGER

Rev. S.E. Manqele

CHIEF FINANCIAL OFFICER

Mr. M.M. Zungu,

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 1 to 22 were approved by the Municipal manager on the 31 August 2008.

MUNICIPAL MANAGER

Rev. S.E. Manqele

CHIEF FINANCIAL OFFICER

M.M. Zungu

UMHLABUYALINGANA MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS **for the year ended 30 June 2008**

ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

1.1 The financial statement have been prepared in accordance with the historical cost so as to conform to the standards laid down by the Institute of Municipal Officers in its Code of Accounting practice (1997) and Report on Published Annual Financial Statements (second Edition January 1996)

1.2 The financial statements are prepared on a historical cost basis adjusted for fixed assets as fully detailed in accounting policy note 3. The accounting policies are consistent with those applied in the previous years except if otherwise indicated.

1.3 The financial statements are prepared on the accrual basis as follows:-

* Income is accrued when measurable and available to finance activities.

* Expenditure is accrued in the year in which it is incurred.

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. CONSOLIDATION

The balance sheet includes general services, Capital Development Fund, Reserves and Provisions

5. FIXED ASSETS

Fixed Assets are stated at their historical cost while they are in existence and fit for use..

5.1 DEPRECIATION

The balance shown against the heading Loans Redeemed and other Capital Receipt in notes to financial statement is tantamount to a provision of depreciation , how ever certain structural differences exist.

Asset may be acquired through:

*Appropriations from income where the full cost of the assets form an immediate and direct charge against operating income, therefore it is unnecessary to make any further provision for depreciation.

*Grants or donations, where the amount representing the value of such grant or donation is immediately credited to the loans redeemed and other capital receipts account.

UMHLABUYALINGANA MUNICIPALITY

ANNUAL FINANCIAL STATEMENT FOR THE ENDED 30 JUNE 2008

ACCOUNTING POLICIES CONTINUED

6. FUNDS AND RESERVES

6.1 CAPITAL DEVELOPMENT FUND

The Local Authorities Ordinances requires a minimum contribution of 3% of the defined income of the municipality for the immediately preceding financial year to be contributed to this fund.

6.2 Unexpended grants received both conditional and unconditional, are transferred from income statement to reserves. The grants are released from reserves to the income statement when they have been expended.

7. INVESTMENTS

7.1 Financial Instruments

Financial instruments, which includes short term deposits invested in registered commercial banks are stated at cost.

Surplus funds are invested at a low risk Banks. Interest earned is credited to operating income and to the Capital Development Fund.

8. INCOME RECOGNITION

The municipality relies on grants received from National, Provincial government and District Municipality and other income to finance its operations. No rates or service charges are levied. Grants are credited to the income statement to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

9. PROVISIONS

provisions are recognised when the municipality has a present or constructive obligation as a results of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate

9.1 STAFF LEAVE ENCASHMENT

The provision is based on actual leave owing to staff members at the Balance Sheet date.

9.2 AUDIT FEES

The provision is calculated at 1% of the current and capital expenditure of the current financial year excluding capital expenditure funded from conditional grants.

Refer Local Government Audit Circular No. 1 of 2000.

9.3 DOUBTFUL DEBT

The provision is based on the assessment of uncertainty with regard to the recoverability of the debt

9.4 PERFORMANCE BONUSES

The provision is based at 15% of the remuneration package of qualifying employees and where bonuses are paid before the date of issue of financial statement the provision is measured at actual bonuses paid.

UMHLABUYALINGANA MUNICIPALITY

BUDGET ANALYSES (ACTUAL VS BUDGET)

	FINAL BUDGET	ACTUALS	R VARIANCE
RECEIPTS	38,969,807	26,709,266	(12,260,541)
GRANTS AND SUBSIDIES	31,699,400	16,841,038	(14,858,362)
RESERVES AND SAVINGS	3,230,827	7,435,994	4,205,167
OTHER INCOME	4,039,580	2,432,234	(1,607,346)
EXPENDITURE	37,668,744	16,202,917	21,465,827
COUNCILLOR REMUNERATION	3,336,068	1,544,924	1,791,144
SALARIES, WAGES AND ALLOWANCES	9,603,425	4,997,848	4,605,577
GENERAL EXPENSES	9,706,337	4,164,682	5,541,655
REPAIRS AND MAINTENANCE	732,000	703,476	28,524
CONTRIBUTIONS / RESERVES	94,914	-	94,914
CAPITAL EXPENDITURE	14,196,000	4,791,987	9,404,013
SURPLUS/ (DEFICIT)	<u>1,301,063</u>	<u>10,506,349</u>	

UMHLABUYALINGANA MUNICIPALITY

APPENDIX F

STATISTICAL INFORMATION AS AT 30 JUNE 2008

General statistics	2006/2007	Valuation date	2005/2006	Valuation date
Population	140964	2001	140964	2001
Registered voters	59054	2006	48000	2004
Surfacing (km)	3698m2		3698m2	
Valuations				
- Taxable (R'000)	0.00		0.00	
- Non-taxable (R'000)	0.00		0.00	
- Residential (R'000)	0.00		0.00	
- Commercial (R'000)	0.00		0.00	
Valuation date: 1 July 2000				
Assessment rate				
- Basis (per rand)	0.00		0.00	
- Discount: residential	0%		0%	
Number of employees	39.00		34.00	

The above statistical information is as per Statistics South Africa's register for the year 2001

INCOME

BUDGET 2007/2008

INCOME TYPE	DEPARTMENTS								TOTAL
	COUNCIL	MANAGER	FINANCE	CORPORATE	TECHNICAL	LIBRARY	COMMUNITY	LED	
GRANTS AND SUBSIDIES		18,463,230	660,000		14,861,000	-	500,000	1,255,323	35,739,553
OTHER			3,124,000			8,200	10,000		3,142,200
RESERVES AND SERVINGS									-
									-
									-
									-
		18,463,230	3,784,000		14,861,000	8,200	510,000	1,255,323	38,881,753

ACTUALS 2007/2008

INCOME TYPE	DEPARTMENT								TOTAL
	COUNCIL	MANAGER	FINANCE	CORPORATE	TECHNICAL	LIBRARY	COMMUNITY	LED	
GRANTS AND SUBSIDIES		20,551,040	501,000		7,557,654	92,965		1,145,513	29,848,226
OTHER INCOME			3,145,064			8,000			3,153,064
RESERVES AND SERVINGS		5,302,546							5,302,546
		25,853,586	506,964		7,557,654	92,965		1,145,513	34,956,612
Under/Over Spending		(6,390,356)	3,145,064		7,465,136	(74,755)	510,000	100,000	4,500,092
Extra Income/Extra Spending	65.7%	34.30%	62.96%	50.0%	49.14%	41.27%	100.0%	8.0%	11.80%

UMHLABUYALINGANA MUNICIPALITY

ANNUAL FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

EXPENDITURE

BUDGET 2007/2008

EXPENDITURE TYPE	DEPARTMENTS								TOTAL
	COUNCIL	MANAGER	FINANCE	CORPORATE	TECHNICAL	LIBRARY	COMMUNITY	LED	
SALARIES	4,343,082	1,313,870	1,709,888	1,443,986	590,948	481,425	2,025,511	1,040,056	12,948,766
GENERAL EXPENSES	1,060,000	3,942,356	1,665,000	800,000	1,960,000	144,000	996,500	1,827,217	12,395,073
REPAIRS & MAINTENANCE		10,000	20,000		805,000	12,000	-		847,000
CONTRIBUTION - LEAVE		12,000	12,000	12,000	12,345	14,890	19,679	12,000	94,914
CAPITAL EXPENDITURE		-	200,000		11,896,000		500,000		12,596,000
CONTRIBUTION - CDF	-	-			-	-	-		-
CONTRIBUTION - RESERVES									-
	5,403,082	5,278,226	3,606,888	2,255,986	15,264,293	652,315	3,541,690	2,879,273	38,881,753

ACTUALS 2007/2008

EXPENDITURE TYPE	DEPARTMENT								TOTAL
	COUNCIL	MANAGER	FINANCE	CORPORATE	TECHNICAL	LIBRARY	COMMUNITY	LED	
SALARIES	3,962,628	1,195,435	1,591,486	1,302,484	604,324	438,964	1,513,698	1,130,617	11,739,636
GENERAL EXPENSES	807,845	3,060,402	1,460,019	654,983	318,995	105,571	1,048,065	893,581	8,349,461
REPAIRS & MAINTENANCE		7,188	6,940		837,774				851,902
LEAVE ENCASHMENT		61,485	88,541	83,176	29,748	34,327	66,553	81,608	445,438
CAPITAL EXPENDITURE		6,223	37,464		6,183,802				6,227,489
CONTRIBUTION - CDF		530,054							530,054
CONTRIBUTION - RESERVES	-	4,055,946							4,055,946
	4,770,473	8,916,733	3,184,450	2,040,643	7,974,643	578,862	2,628,316	2,105,806	32,199,926
Under/(over) Spending	632,609	(3,638,507)	422,438	215,343	7,289,650	73,453	913,374	773,467	6,681,827
Overall under/(over) Spending	11.71%	-68.93%	11.71%	9.55%	47.76%	11.26%	25.79%	26.86%	17.18%

UMHLABUYALINGANA MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2008

CHIEF FINANCIAL OFFICER'S REPORT

BACKGROUND

Umhlabyalingana Municipality is a grade two municipality within the Umkhanyakude District Municipality. It covers four traditional authorities; namely Tembe, Mashabane, Mabaso and Mbila. The Municipality has been in existence for six and half years and has 13 wards with 26 councillors. The Municipal area is mainly rural.

CHALLENGES

The municipality has been under extremely challenging conditions. It has to address challenges of Infrastructure, Tourism, Local economic development, poverty, Drought, GRAP implementation and getting other sources of revenue.

1. OPERATING RESULTS

Details of operating results per department are included in appendices D and E. The applicable statistics are shown in appendix F. For overall operating results for the year ended 30 June 2007 are as follows:

	ACTUALS 2007	ACTUAL 2008	VARIANCE 2007/2008	BUDGET 2008	VARIANCE % ACTUALS /BUDGET
INCOME					
Opening surplus	-	-	-	-	-
Operating income for the year	44,843,623	34,293,561	-23.53%	39,031,753	-12.14%
Closing deficit	11,542,899	9,182,845	-20.45%	-	-
	56,386,522	43,476,406		39,031,753	
EXPENDITURE					
Opening deficit	3,011,369	11,542,899	283.31%	-	-
Operating expenditure for the year	53,534,038	32,199,926	-39.85%	38,881,753	-17.18%
Sundry transfers	(158,885)	266,420	-267.68%	-	-
Closing surplus		-			
	56,386,522	44,009,245			

The capital expenditure on fixed assets during the year amounted to R 6 227 489 which is 53% less than the previous year. The actual expenditure is 46.11% less than budgeted for and consist of the following:

	2008 ACTUALS	2008 BUDGET	2007 ACTUALS	VARIANCE
Land and Buildings	1,126,600	7,396,000	2,180,361	-48.33%
Infrastructure	5,057,202	5,000,000	11,717,540	-56.84%
Other fixed assets	43,687	400,000	808,563	-94.60%
	6,227,489	12,796,000	14,706,464	-57.65%

UMHLABUYALINGANA MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2008

CHIEF FINANCIAL OFFICER'S REPORT Continued.

Resources used to finance the fixed assets were as follows:-

	2008 ACTUALS	2008 BUDGET	2007 ACTUALS
Capital development fund	-	-	-
Contribution from:			
Operating account	43,687	200,000	-
Reserves	-		
Grants and Subsidies	21,221,859	12,396,000	14,706,464
	21,265,546	12,596,000	14,706,464

A complete analyses of capital expenditure (budgeted and actuals) is included in appendix C

3. FUNDS AND RESERVES

More information regarding funds and reserves are disclosed in note 2 and appendix A to the Annual Financial Statements.

4. EXTERNAL LOANS, INVESTMENTS AND CASH

The municipality's financial structure is currently grants and subsidies, no external loans have been secured. Investments and cash at 30 June 2008 amounted to R24 738.59 and an overdraft of R 1 086 044.03, respectively; (R 548 485 in 2007)

5. EXPRESSION OF APPRECIATION

I would like to thank the mayor, councilors, management committee for the support they have given me and to the officials of the municipality and in particular to the staff of my own directorate for their assistance and support during the entire year.

MM ZUNGU
CHIEF FINANCIAL OFFICER
31 August 2008

2007 Actual Income	2007 Actual Expenditure	2007 Surplus/ Deficit
44,843,623	53,534,038	(8,690,415)
-	-	-
-	-	-
44,843,623	53,534,038	(8,690,415)
2007 Actual Income	2007 Actual Expenditure	2007 Surplus/ Deficit
44,843,623	53,534,038	(8,690,415)
RATES AND GENERAL SERVICES		
34,293,561	32,199,926	2,093,635
Actual Income	Actual Expenditure	Surplus/(Deficit)
2008	2008	2008
34,293,561	32,199,926	2,093,635
-	-	-
-	-	-
-	-	-
TOTAL		
34,293,561	32,199,926	2,093,635
Appropriations for the year		
Net Surplus/(Deficit) for the year		
Accumulated Surplus/(Deficit) beginning of the year		
(3,011,369)		
(11,542,899)		
ACCUMULATED SURPLUS/(DEFICIT) AT THE END OF THE YEAR		
(11,542,899)		

**UMHLABUYALINGANA MUNICIPALITY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

	2007/2008 R	2006/2007 R
CASH RETAINED FROM OPERATING ACTIVITIES	19,661,312	7,229,752
Cash generated by operations	(6,014,222)	(32,867,721)
Investment income	118,318	29,542
(Increase)/Decrease in working capital	(4,283,709)	4,559,055
Less: External interest paid	-	-
Cash available from operations	(10,179,613)	(28,279,124)
Contribution from public and state	29,840,926	35,508,876
Net proceeds on sale of fixed assets		-
CASH UTILIZED IN INVESTING ACTIVITIES	(21,265,546)	(14,706,464)
Investment in Fixed assets	(21,265,546)	(14,706,464)
NET CASH INFLOW / (OUTFLOW)	(1,604,234)	(7,476,712)
CASH EFFECTS OF FINANCIAL ACTIVITIES		
(Increase) / Decrease in cash investments	11,497	(6,554,190)
(Increase) / Decrease in cash	(1,615,731)	(981,605)
NET CASH (GENERATED) / UTILISED	(1,604,234)	(7,535,795)

UMHLABUYALINGANA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2008

	2008 R	2007 R
Capital development fund	3,433,903	2,903,849
	<u>3,433,903</u>	<u>2,903,849</u>

1. STATUTORY FUNDS

Capital development fund

(Refer to appendix "A" for more details)

2. RESERVES

Proclamation Grant	-	130,620
Geog. Ins Sys Grant	-	9,755
Land Use Mgmt Sys Gr	100,000	779,610
FMG	234,504	430,014
Rate Implementation Grant	-	396,283
Project Consolidate	1,286,000	3,736,045
Investment Planning	-	441,763
MIG	2,153,950	1,511,904
Urban Development	1,975,000	
DBSA	670,000	
Library Subsidy	78,900	
Nhlange Lake Resturant	180,000	
Manzengwenya cultural project	180,000	
Phelandaba Development	150,000	
Kwa - Tembe Concrete project	180,000	
	<u>7,188,354</u>	<u>7,435,994</u>

(Refer to appendix "A" for more details)

3. BANK, CASH AND OVERDRAFT BALANCES

The municipality has the following bank accounts:-

Current Account (Primary Bank Account)

First National Bank - Hluhluwe Branch - Acc.62025236408

Cash book balance at the beginning of the year -

Cash book balance at the end of the year - (overdrawn)

529,251.23	6,932,776.57
<u>(1,086,044.03)</u>	<u>529,251.23</u>

Bank statement balance at the beginning of the year- (overdrawn)

Bank statement balance at the end of the year - (overdrawn)

762,935.81	3,115,098.88
<u>(513,415.56)</u>	<u>762,935.81</u>

UMHLABUYALINGANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

12. REMUNERATION OF COUNCILLORS

	2008	2007
	R	R
Mayor	245,707	200,876
Deputy Mayor	187,454	154,676
Speaker	187,454	154,676
Executive Committee Members	581,209	464,029
Councillors	2,760,804	2,213,766
Total Councillor's Remuneration	3,962,628	3,188,023

In-kind Benefits

The Mayor, Deputy Mayor and the Speaker are Part-time councillors. Each is provided with an office and the Mayor is provided with the Secretarial support at the cost of the council.
The mayor has use of a council owned vehicle for official duties.

13. APPROPRIATIONS

Appropriation account:

Accumulated surplus/ (deficit) at the beginning of the year
Operating surplus/ (deficit) for the year
Appropriation for the year
Contribution to CDF
Prior year adjustments

(11,542,899)	(3,011,369)
2,093,635	(8,690,415)
796,473,55	158,885
530,054	-
266,420	158,885

Accumulated surplus/ (deficit) at the end of the year

(8,652,791) (11,542,899)

Operating account:

Capital expenses
Contribution to reserves
Contribution to bad debts provision

21,265,546	14,706,465
4,055,946	4,241,918
-	965,921

25,321,492 19,914,304

14. CASH GENERATED BY OPERATIONS

Surplus/(deficit) for the year

Prior year adjustments

Appropriation charged against income

Capital development fund

Provisions

Reserves

Fixed assets

2,093,635	(8,690,415)
(266,420)	158,885
26,482,810	20,126,197
530,054	599,839
631,264	577,976
4,055,946	4,241,918
21,265,546	14,706,464

28,310,025 11,594,667

Investment Income

Transfer from reserves to operating income

Grants and subsidies received from the public and the state

(179,736)	(29,542)
(4,303,586)	(8,923,970)
(29,840,926)	(35,508,876)
(6,014,222)	(32,867,721)

UMHLABUYALINGANA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
19. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
Approved and contracted for	12,096,000	15,210,000
Infrastructure	11,896,000	15,210,000
Community	-	-
Other	200,000	
Approved but not yet contracted for	500,000	150,000
Infrastructure	-	150,000
Community	500,000	
Other	-	-
Total	12,596,000	15,360,000
This expenditure will be financed from:		
Government Grants	12,396,000	15,360,000
Own Resources	200,000	-
	12,596,000	15,360,000
20 PRIOR YEAR ADJUSTMENTS	266,420	158,885

Stale and cancelled cheques relating to prior year are reversed and charged to the appropriation account.

21 OPERATING LEASES

(a) Gestetner Finance

This represents an operating lease for one Gestetner Digital copier, the minimum lease period is 60 months which expires on 30 November 2009 and the rental amount is R 1 900.00 excl VAT pm with 15% escalation

(b) Gestetner Finance (Fintech)

This represents an operating lease for two Gestetner Digital copier, the minimum lease period is 60 months which expires on 30 November 2010 and the rental amount is R 1 250.00 excl VAT pm per machine with 15% escalation

(c) Automated Office Technology (Pty) Ltd

This represents an operating lease for one photocopy machine, the lease agreement is for 60 months which expires on 31 March 2012 with 7.5% escalation. The rental amount is R 1 895. 00 pm.

UMHLABUYALINGANA MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R

22. OPERATING LEASES (continued)

(d) Automated Office Technology (Pty) Ltd

This represents an operating lease for telephone management system, the lease period is 48 months expires on 31 March 2011 with 7.5% escalation. The rental amount is R 520.00 pm.

(e) Canon

This represents an operating lease for telephone equipments, the lease period is 48 months which expires on 31 March 2011 with 7.5% escalation. The rental amount is R 1 836.12 pm.

UMHLABUYALINGANA MUNICIPALITY

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES

	Balance as at 01 July 2007	Received During the year	Redeemed / Written off during the year	Balance as at 30 June 2008
	R	R	R	R
EXTERNAL LOANS				
Short Term Loan	0	0	0	0
Annuity Loans	0	0	0	0
Government Loans	0	0	0	0
INTERNAL ADVANCES/ BORROWING SERVICES				
Public Improvement fund	0	0	0	0
Capital Development Fund	0	0	0	0

UMHLABUYALINGANA MUNICIPALITY
APPENDIX C: ANALYSIS OF FIXED ASSETS

Acquisition 2007 R					
Budget 2008 R	Balance at 01 July 2007 R	Acquisition 2008 R	Disposals 2008 R	Balance as at 30 June 2008 R	
GENERAL SERVICES	7,396,000	9,909,892	1,126,600	0	11,036,492
Land and Building		2,282,690	43,687	0	2,326,377
Furniture and computer equipment	400,000			0	1,944,575
Vehicles		1,944,575		0	810,275
Plant and equipment		810,275		0	187,042
Parks and recreations		187,042		0	17,115,318
Municipal roads and stormwater	5,000,000	12,058,116	5,057,202	0	918,606
Municipal Accommodation		918,606		0	444,167
Miscellaneous		444,167		0	15,038,057
Manguzi Sports Field			15,038,057	0	
TOTAL FIXED ASSETS	12,796,000	28,555,363	21,265,546	0	49,820,909
LOANS REDEEMED AND OTHER CAPITAL RECEIPTS	12,796,000	28,555,363	21,265,546	0	49,820,909
Contribution from current income	400,000	11,902,664	43,687	0	11,946,351
Grants and Subsidies received	12,396,000	16,652,699	21,221,859	0	37,874,558
NETT FIXED ASSET	0	0	0	0	0

UMHLABUYALINGANA MUNICIPALITY

APPENDIX D

Analysis of Operating Income and Expenditure for the year ended 30 June 2008

Actuals 2007 R	Actuals 2008 R	Budgeted 2008 R
INCOME		
35,508,876	29,840,926	35,889,553
GRANTS AND SUBSIDIES RECEIVED		
Equitable share	17,519,419	17,519,000
Financial Management	500,000	500,000
Public Participation		
Rates Implementation		160,000
Municipal Infrastructure	4,912,864	11,896,000
Municipal Systems Improvement	734,000	734,000
Project Consolidate	2,081,000	795,000
Investment Planning		
Mabaso Housing		
Organisational Structure, HR Systems		
Madonela Agricultural Project		
Internal Control Unit		290,463
Urban Development	1,975,000	1,500,000
Integrated Development Planning	213,000	200,000
DBSA	670,000	670,000
Gijima funds	456,513	210,400
Library Subsidy	78,900	
Nhlanga Lake Resturant	180,000	180,000
Manzengwenya Cultural Project	180,000	180,000
Kwa - Tembe Concrete Project	180,000	180,000
Phelandaba Development	150,000	150,000
Mbila Tribal Hall Subsidy	-	500,000
Mbazana Hub		214,460
Induction Training Subsidy	10,230	10,230
Transfer from reserves	4,303,586	-
Operating Income	149,049	3,142,200
44,843,623	34,293,561	39,031,753
NETT INCOME		
48,692,281	27,613,926	38,881,753
EXPENDITURE		
Salaries, wages and allowances	11,739,636	12,948,766
General expenses	8,349,461	12,395,073
Repairs and maintenance	851,902	847,000
Leave encashment	445,438	94,914
Contribution to capital expenditure	6,227,489	12,596,000
4,841,757	4,586,000	-
Contributions		
Contribution to CDF	530,054	-
Transfers to Reserves:	4,055,946	-
53,534,038	32,199,926	38,881,753
NETT EXPENDITURE		

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

[illegible]



DIRECTOR CORPORATE
Ms. N.V. DLAMINI

CORPORATE SERVICES ANNUAL REPORT

VISION

The chief vision and focus of the Corporate Services Department is to be well managed, recognised as making efficient use of resources and being socially just, in a way which advance broader developmental aims and objectives.

MISSION

- To utilize available knowledge and skills, promoting excellence and respect for capacity building.
- To execute needs and requirements of the Corporate Services Department in a professional and efficient way.

The Departmental success to achieve its goals is gained through monthly meetings where every departmental staff member is given an opportunity to contribute towards achieving our objectives and fulfilling our Departmental mission.

WORDS BY DIRECTOR: CORPORATE SERVICES

It is with pleasure to report on our progress in respect of services delivered for the period of 01 July 2007 to 30 June 2008. As a local sphere of government the objectives are clearly stipulated in the constitution to provide democratic and accountable governance, to provide sustainable service to the community, to promote the social and economic development and to provide a safe and healthy environment.

To this end we are determined to ensure the long term growth of the community by ensuring good governance on all aspects of service delivery, whilst being aware of the needs of the community and treating each member of the community with respect.

The report endeavours to reflect on our challenges, strengths and weaknesses as facing the various sub-sections reporting to Corporate Services. We have made remarkable inroads in respect of Service Delivery as is reflected in various sub-sections as enunciated hereunder.

The Corporate Services, headed by Ms NV Dlamini, is comprised of 3 Sections viz, Council services/Administration services, Human Resources Management and Communication services.

The Human Resource Management is at the heart of the institution serving its internal clients, comprising of 69 permanent and contract staff. The section is headed by Mr TS Mkhabela and is a hive of activity with recruitment, training, industrial relations challenges, and personnel administration. The past years has seen the formulation, implementation and amendment of a number of policies, including recruitment policy, telephone policy, travel and subsistence policy, internship policy, appointment, promotion and probation policy, leave policy, employment relations policy, training policy and bursary policy. A continuous effort is made to uplift the skills and capacity of our staff and councilors although sometimes we are hindered by financial capacity.

The institutional efficiency of the organization is maintained through the Administrative/Council Services section that is headed by Mr HM Bhengu. He ensure that Secretariat Services, Council Support, government communication, etc. never fail in achieving the overall objectives of the organization. The municipality has got 26 Councilors and 6 Portfolio Committees which meet once a month to discuss issues pertaining to Service Delivery.

The communication pipeline is maintained through Communication Services section that is also headed by Mr HM Bhengu. The municipality releases a newsletter once a quarter to the community updating them of the current events and service delivery. The municipality also has got a website which is easily accessible and user friendly.

HUMAN RESOURCES MANAGEMENT SECTION

Human Resource Management services is a sub-section of Corporate Services. Its function is to provide a comprehensive service to all its employees in terms of benefits administration, employee assistance, organizational structure, workshoping policies and procedures to all staff, labour relations, skills development, promotions, leave applications, recruitment and employment equity, ect.

Organisational Structure

There were posts in the municipal organogram, were filled during 2007/2008 and are still vacant.

Skills Development

The annual training report for 2007/2008 and the approved Workplace Skills Plan for 2008/2009 was successfully submitted to LGSETA by the deadline date of 30 June 2008. The municipality also established the Training Committee as one of the Committees under Corporate Services Department to assist in providing equal services to all employees.

Bursaries 2007/2008

The Umhlabyalingana Local Municipality has awarded bursaries to six employees.

Disciplinary Action

Disciplinary Action	Male African	Male Coloured	Male Indian	Male Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female Total Blacks	Female White	To.
TOTAL	0	0	0	0	0	0	0	0	0	0	0

Recruitment

Occupational Bands	Male African	Male Coloured	Male Indian	Male Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female Total Blacks	Female White	Total
Director; Corporate Services						1			1		1
Chief Traffic Officer	1			1							1
Secretary to the Director Corp. Serv.						1			1		1
Tourism/Entrepreneur Officer	1										1
Secretary to the Director of LED						1					1
TOTAL											5

Resignations

Job Title	Male African	Male Coloured	Male Indian	Male Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female Total Blacks	Female White	Total
SNR. Acc.	1										1
Secr. LED						1					1
Tourism Officer	1										1
TOTAL											3

Skills Development

Occupational Categories	Male African	Female Coloured	Male Indian	Male Total Blacks	Male White	Female White	Female Coloured	Female Indian	Female Total Blacks	Female White
Legislators, Senior Officials & Managers	0	0	0	0	0	0	0	0	0	0
Professionals	0	0	0	0	0	0	0	0	0	0
Technicians and Associate Professionals	0	0	0	0	0	0	0	0	0	0
Clerks	0	0	0	0	0	0	0	0	0	0
Service and Sales Workers	0	0	0	0	0	0	0	0	0	0
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0	0
Craft and related Trades workers	0	0	0	0	0	0	0	0	0	0
Plant and Machine Operators and Assemblers	0	0	0	0	0	0	0	0	0	0
Elementary Occupations	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0	0
Employees with disabilities	0	0	0	0	0	0	0	0	0	0

Disability leave (temporary and permanent) for July 2007 to June 2008

Occupational Categories	Male African	Male Coloured	Male Indian	Male Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female Total Blacks	Female White	Total
Legislators, Senior Officials and Managers	0	0	0	0	0	0	0	0	0	0	0
Professionals	0	0	0	0	0	0	0	0	0	0	0
Technicians and Associate Professionals	0	0	0	0	0	0	0	0	0	0	0
Clerks	0	0	0	0	0	0	0	0	0	0	0
Services and Sales Workers	0	0	0	0	0	0	0	0	0	0	0
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	00	0	0
Craft and related Traders Workers	0	0	0	0	0	0	0	0	0	0	0
Plant and Machine Operators and Assemblers	0	0	0	0	0	0	0	0	0	0	0
Elementary Occupations	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0	0	0
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0

EMPLOYEE PROFILE FOR UMHLABUYALINGANA 2007/2008

THE DEPARTMENT OF FINANCE

<i>Name & Surname</i>	<i>Job Title</i>	<i>Female</i>	<i>Male</i>
1. Mr. M.M. Zungu	Chief Financial Officer		1
2. Mr. N.P.E. Myeni	Snr. Accountant		1
3. Mr. S.H. Mhembu	Procurement Officer		1
4. Mrs. N.P. Mkhabela	Budget Officer	1	
5. Mrs. S.C. Nzuza	Expenditure Clerk	1	
6. Miss. N.S. Gumede	Payroll Clerk	1	

THE DEPARTMENT OF CORPORATE SERVICES

<i>Name & Surname</i>	<i>Job Title</i>	<i>Female</i>	<i>Male</i>
1. Miss. N.N.V. Dlamini	Dir-Corporate Services	1	
2. Mr. H.M. Bhengu	Senior Admin Officer		1
3. Mr. T.S. Mkhabela	Snr Admin/ Human Res. Officer		1
4. Miss. S.C. Zikhali	Public Relations Officer	1	
5. Mr. N.J. Mpontshane	Committee Clerk		1
6. Mr. B.O.S. Mathenjwa	Admin Clerk		1
7. Miss. S.I. Nsele	Registry Clerk	1	
8. Miss. T.L. Fakude	Secretary- Corporate Services	1	
9. Mr. S.G. Ntuli	Pool Driver		1
10. Mr. J.B. Mthimkhulu	Pool Driver		1
11. Mrs. D.T. Mtambo	General Worker	1	
12. Mrs. T.D. Mkhize	General Worker	1	
13. Mr. Z. Nsele	Mayoral Driver		1

THE DEPARTMENT OF COMMUNITY SERVICES

<i>Name & Surname</i>	<i>Job Title</i>	<i>Female</i>	<i>Male</i>
1. Mr. M.M. Ngubane	Dir-Community Services		1
2. Mrs. N.F. Mngomezulu	Community Liaison Officer	1	

3. Mr. M.M. Mthembu	Programmes and Project Officer		1
4. Miss. M.E. Tembe	Secretary-Dir. Community Services	1	
5. Miss. V.Z. Mdletshe	Librarian	1	
6. Mr. K.H. Zulu	Chief Traffic Officer	1	
7. Mr. M.E. Mthembu	Assistant Librarian		1
8. Mrs. D.J. Nisele	Library Assistant		1
9. Miss. N.T. Mdluli	Library Assistant		1
10. Mr. B.B. Dlamini	Library Assistant	1	
11. Mr. T.S. Sikhumbane	Library Assistant	1	
12. Mr. S.J. Mkhize	General Worker	1	
13. Mr. N.D. Ntuli	General Worker	1	

THE DEPARTMENT OF LOCAL ECONOMIC DEVELOPMENT

Name & Surname	Job Title	Female	Male
1. Mr. M.J. Nisele	Director-Local Economic Deve.		1
2. Mr. S.S. Thwala	Tourism/ Entrepreneur Officer		1
3. Mr. M.R. Mkhonto	Agric. Dev. Officer		1
4. Miss. S.B. Mabika	Secretary to the Dir. L.E.D.	1	
5. Mr. B.H. Mthembu	Tractor Operator		1
6. Mr. N. Mthembu	Tractor Operator		1

THE DEPARTMENT OF TECHNICAL

	Female	Male
1. Mrs. N.H. Mthembu	PMU/IDP Manager	1
2. Mr. V.B. Mbonambi	Assistant Technical Officer	1
3. Mr. T.C. Ngwezi	TLB Operator	1

THE DEPARTMENT OF MANAGEMENT

	Female	Male
1. Rev. S.E. Mangele		1
2. Miss. S.R. Mthembu	1	
3. Miss. C.F. Mdluli	1	

ADMINISTRATIVE/COUNCIL SERVICES

The uMhlabuyalingana Administrative/Council Support maintain the running of the highly rated support system to Officials, Councillors and Community at large. It provides support to the Management Unit, Council meetings and also have full control of Committee meetings which include compilation of voluminous agendas and record-keeping of all the meetings sessions. The Council also approves the Standing rules of Order for smooth running of the meetings.

In the year 2007/2008 there were:

10	Council Meetings
10	Executive Committee Meetings
7	Community Services Portfolio Committee Meetings
8	Corporate Services Portfolio Committee Meetings
7	Local Economic Development Committee Meetings
4	Planning Portfolio Committee Meetings
6	Infrastructure Portfolio Committee Meetings

COMMUNICATION SERVICES

The municipality uses Community meetings and newsletter as means of communicating with the people within and outside the municipal boundaries. The newsletter is released quarterly to community members.

PERFORMANCE MANAGEMENT SYSTEM 2007/2008

REPORT BY THE MUNICIPAL MANAGER ANNUAL PERFORMANCE ASSESSMENT

1. INTRODUCTION

Performance Management System is not only a measurement tool but a management tool, to improve performance in the organization. Performance is not improved by awarding bonuses to good performers and panelising the others, but by continuously monitoring progress throughout the year.

The time has come for us to conduct the annual assessment as a collection and assessment of all the work done during the year.

2. STRATEGIC INTENT

At the beginning of the year, we set out to look at a long-term vision of the Municipality through Vision 2020. Under each key performance area long term objectives have been set, which emanated to the current year outputs linked to the long-term objectives.

It is critical for us to understand that for all targets met during the period under review we are a step closer to delivering on our long-term objectives and visor-verso.

3. CHALLENGES

Like in any other battle, we face different challenges in our battle to break the chains of poverty. Central to the challenges is what is considered to be the crux of economics, having limited means to fulfil unlimited needs.

3.1. Financial

The Municipality has no revenue based and relies fully on government grants, mainly the equitable share, for survival. Unfortunately when the Municipality was demarcated it was left with an area with little chance in the foreseeable future to ever have own generated revenue.

To add to these problems, the National Treasury reduced the equitable share allocations for the 2007/08 financial year by R 5 million, whilst at the same time councillor salaries had been increased by approximately R 5 million. This set back the available resources by almost R 10 million.

The implications of this manifested in a most hideous manner through cash flow problems in the Municipality. For the best part of the second quarter, we had to halt some programs as a result of financial constraints. It shall also be noted that the Cash Flow projections were done, but the change of the government transfers; from four to three instalments a year deepened the crisis.

Even though we faced these problems the storm is now over. The biggest challenge going forward is to implement stringent and prudent financial management controls to avoid ever going through the same cycle again.

3.2. Human Capacity Constrains

Staff turnover and vacancy of key positions has been highly crippling the progress towards achieving the set objectives. The high vacancy rate can be classified into three sections;

- Leaving of key technicians/specialist
- Vacancy of Senior Posts including ONE Head of Departments
- Vacancy of technical posts within the Technical department

This vacancy rate directly impacts on the ability of the management team to effectively perform their duties. This however is a dilemma since the Municipality is also faced with some serious financial limitations.

We therefore have a task of seriously reviewing our approach in terms of service delivery mechanisms. Wherever specific functions can be performed externally in a more efficient manner, it should be highly considered to improve performance

DEPARTMENTAL VACANCY SCHEDULES

DEPARTMENT	TOTAL POSTS	VACANT POSTS	VACANCY RATE	COMMENTS
Office of the MM	4	1	25%	
Financial Services	11	6	55%	The senior accountant is leaving end of February
Corporate Services	15	2	13%	The HOD has just been appointed beginning of March
Community Services	16	5	31%	The Department has no Technicians/specialists in place
LED Services	7	3	43%	Tourism & Enterprise Development Off left during the year and is crucial
Technical Services	9	6	70%	The Department has no Head of Department and Technicians in place

3.3. Performance Management Systems

Emanating from some of the issues raised above we have not implemented the Performance Management as promptly as we ought to. We however have covered a lot of ground, putting ourselves ahead of most municipalities with the same grading as ours.

We have been able to do the following;

- Develop PMS policy framework
- Develop a policy framework for cascading down PMS
- Develop an organizational scorecard
- Develop scorecards for all Head of Departments,
- Establishment of the Performance Assessment Committee

Another challenge was the sitting of the Performance Assessment Committee. The dates were regularly postponed and it was difficult to find proper dates for different members. This may be countered during the next financial year by having an annual schedule of meetings that shall be adhered to.

We have however not been able to meet some of the expectations we have put for ourselves;

- Conduct the 1st quarterly review
- Conduct the 2nd quarterly review and
- Conduct the 3rd quarterly review

The biggest failure that we have to acknowledge however is our failure to put the PMS at the centre of our day-to-day running of the Municipality. It is my belief that if we could embrace it and diligently use it to guide our meetings from the Management Committee Meetings to different council structures meetings; we would hugely improve our performance.

4. KEY INTERVENTIONS AND RECOMMENDATIONS

As indicated above this exercise is aimed at improving the performance of the Municipality, herewith are my recommended interventions to be implemented as a matter of urgency.

4.1. Financial Constraints

To address issues raised we have tabled the half yearly adjustment budget. Further to this a more cautious and prudent attitude towards financial management must be adopted.

To bring long-term relief to this challenge both council and management have to come to a consensus program aimed at stabilising the financial position of the Municipality. This calls for some compromises to be made and thorough consideration to be given when budgeting period comes.

More importantly however is for the Chief Financial Officer to view the Cash Flow projections more seriously and provide more diligent projections in future. These must accompany the budget and the Chief Financial Officer must give adequate explanations for the assumptions made thereto.

4.2. Human Capacity Constrains

As a matter of urgency the HOD vacancies shall be filled before the beginning of the last quarter. The HR section of the Corporate Services shall provide the placement schedule with clear deadlines for each budgeted position.

4.3. Performance Management System

We need to put the PMS as a central management tool. This will be done through the following;

- *Inclusion of the PMS Scorecards and progress thereto in all MANCO meetings,*
- *Inclusion of the PMS Scorecards and progress thereto in all EXCO meetings as a standing item*
- *Inclusion of the Departmental PMS Scorecards and progress thereto in all respective Portfolio Committee meetings as a standing item*
- *Inclusion of the PMS Scorecards and progress thereto in all Council meetings as a standing item*

Simply put no formal meeting within the Municipality, at all levels, shall take place with no relevant PMS Scorecard in place.

If this were to be done, if performance would not improve, at least everyone in the Municipality would know so at the right time, when something can still be done to rescue the situation, rather than looking at it at the end of the financial year.



DIRECTOR COMMUNITY
MR. M.M. NGUBANE

COMMUNITY SERVICES DEPARTMENT JUNE 2007 – AUGUST 2008 ANNUAL REPORT

As a government structure we have two structures of management/leadership, the political side elected by the community and the administration management. Our political structure consists of 26 councilors from two political parties African National Congress and Inkatha Freedom Party. The administration management consists of six departments, Management Services Department, Corporate Services Department, Department of Local Economic Development, Community Services Department, Finance Department and Technical Services Department.

These two structures work co-operatively in the municipality with the same vision of improving lives of the people of Umhlaluyalingana.

Community Services Department is one of Department that is in the Municipality which serves the community. It has lot of Programme which is budgeted and other are not because of the financial constraints. When the structure of the Municipality formed, they start in the ward level so as to serve the community equal and transparency. Community Services Department has the following Programme/ Special Programmes which are performed and followed through the Municipality created calendar:

SPORT AND RECREATION

Umhlabyalingana Municipality managed to participate in 6 sport codes which are soccer in Male & Female, Athletics in Male & Female, 10 couples in Dance, Volleyball and Basketball. The games started local level in September 2007 however

1. Sport and Recreation
2. HIV/AIDS Programme
3. Women's Programme
4. Art and Culture
5. Refuse Removal / Waste Management
6. Traffic Department
7. Youth Programme
8. Ward Committees
9. Disaster Management
10. Crime Prevention
11. Park and Gardens
12. Pounding

it was not played in ward level because of the financial constraints, but selections of the individual players were done by the coaches for all codes.

The District games was participated, it took place on the 17th November 2007 at Mtubatuba sport grounds. All codes were selected to participate in the Provincial level. The Provincial Games took place from 30th November to 4th December 2007, at Ugu District Municipality.

INDIGENOUS GAMES

The Local Indigenous Games was on the on the 17th June 2007 at Mbaza sport grounds, the participated codes were umlabalaba, inchuva, ingathu, juskei, umageda.

HIV/AIDS PROGRAMME

In the year **2007**, HIV/AIDS Meetings took place on the 12 & 19th October 2007 after the LAC Launch which took place in April 2007. The Meetings were to review the strategy and see if the Terms of Reference were followed. The HIV/AIDS Meetings are ongoing.

SOCIAL DEVELOPMENT AND WELFARE

There was an **Abstinence walk** took place on the 6th- 7th June 2007 at Mbazwana to Mseleni and from Phelandaba to Manguzi. The theme for the walk was part of HIV/ AIDS prevention awareness to keep the youth in prevention with drugs, sex, alcohol and crime. The participation was very successful and encouraging.

There was a **Lethimpilo Launch Project** which was introduced by the office of the Premier and Department of Education. The purpose of the Lethimpilo Campaign started when the Department of Education requested the assistance with support coordinating of schools as an inclusive Care and Support of Children and Elders. The aim was to select the certain school/s that would be a centre of rendering the services to the Community, because it has seen that lots of people cannot reach the Government sector. The Programme / Project is called Lethimpilo Programme. It should be a sustainable and should have Action Plan. The identified places are disadvantaged area. The launch took place on the 11th June 2008, at Mshanguzana School and on the 12th June 2008 it was at Bhekabantu Primary.

WOMEN'S PROGRAMME

The formation of women's forum was firstly established from the ward level, two women were selected to represent the Umhlabuyalingana women's forum on the 19 June 2008. The Programmes of women are done as per IDP. There is women's summit which is prepared to be on September 2008

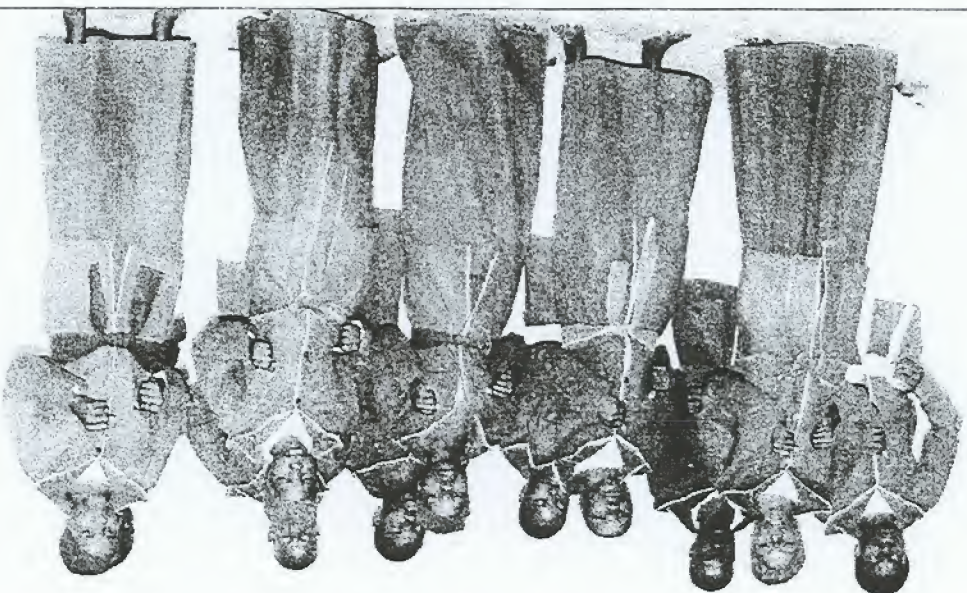
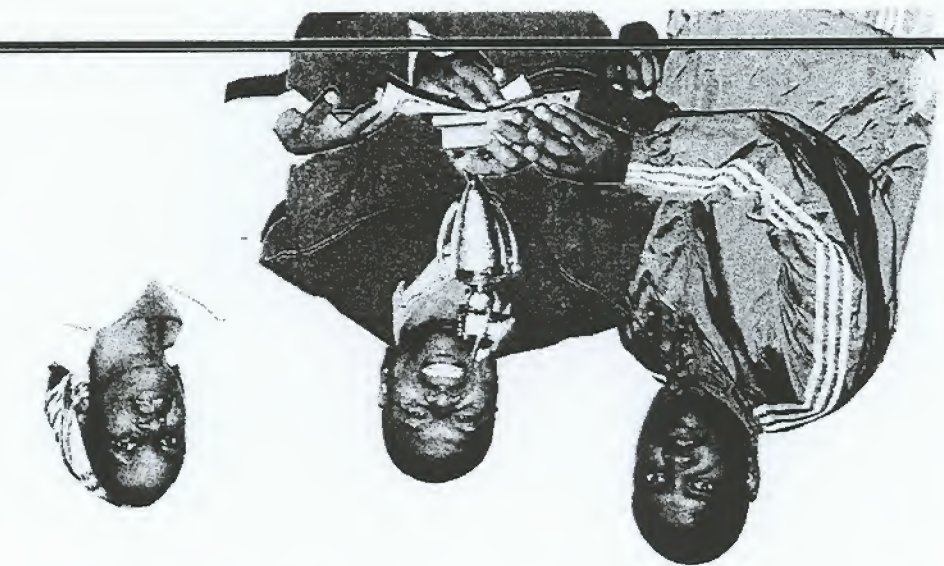
YOUTH PROGRAMME

The National youth day celebration took place on the 25th June 2008, at Mtikini ward 9. The youth desk structure was formed on the 23 May 2008 from ward level. On the 13 June 2008, the Department of Housing conducted the trained for young/youth entrepreneurs, 10 youth of uMhlabuyalingana attended the training, at Richards Bay. The youth participated in sport and in Art and Culture and other activities.

ART AND CULTURE

There was Shono Mzayoni Competition which was on the 4th August **2007**, at Tembe Tribal Hall, five wards with 7 groups participated, the first group got a big trophy with R500, 2nd group got middle trophy with R 300 & 3rd Group got small trophy with R 200. It was a big success. It was also participated in the District Shono Mzayoni which was on the 20th October **2007**, at Makhasa Tribal Hall.

On the 28th to 30th September **2007**, the annual reed dance ceremony took place at Nongoma, in eNyokeni. The girls' attended the ceremony.



There were 5 wards with 7 groups, the first group got a big trophy with R500, 2nd group got middle trophy with R 300 & 3rd Group got small trophy with R 200. It was a big success.

The Municipality provided with the transport to all Umhlabuyalingana tribes.

WARD COMMITTEE

There are 13 wards under uMhlabuyalingana Municipality, each ward have ward committee structure which reports direct to the ward Councilor about the needs or issues of the ward Committee always holds meeting once a month. Each member claim R 80.00 council support budget if he/she attends the meeting.

REFUSE REMOVAL / WASTE MANAGEMENT

The Municipality has an Integrated Waste Management Plan which was done by the consultant as per IDP. The consultant worked with the 3 towns under uMhlabuyalingana which are Manguzi, Skhemelele and Mbazwana. The Department usually purchase refuse bags for these towns.

TRAFFIC DEPARTMENT

The Umhlabyalingana Municipality established the Traffic Department and employed the Chief Traffic Officer who is Mr. K.H Zulu in June 2008.

KZN Department of Traffic has provisional approved the establishment of Driving Licence Testing Centre Grade-E. MEC – KZN Department of Transport has been notified about the establishment of Traffic Department in terms of Section 3 of Road Traffic Act no. 29 of 1989.

Application for Accreditation has been completed and submitted to the SAPS Manguzi in term of Firearms Control Act no. 20 of 2000.

DISASTER MANAGEMENT

The Disaster management was in partnership between uMhlabyalingana and Umkhanyakude District which was Rural Metro, but due to other circumstances they discontinued working and moved back to Umkhanyakude District

CRIME PREVENTION

On previous year the Manguzi and Mbazwana SAPs, and the Community Policing Forum took an initiative of fighting with crime. There were reports submitted in the Municipality as well as in the Police stations. The Programme discontinued due to the financial constrains.

PARK AND GARDENS

There is no budget

POUNDING

There is no budget, but since the Municipality has developed the Protection Department, it will assist the pound Programme

OUR VISION

We want to see ourselves as the most democratic and developmental municipality in South Africa that will enhance socio-economic growth for all people.

MUNICIPAL DEVELOPMENTAL VISION

The vision underpins an integrated approach to improving the standard of living of all people in the area of Umhlabyalingana area. In order to achieve this vision, the municipality will have to persist functioning in an accountable and financial sound manner.

MISSION

"To create an enabling environment and sustainable development which promotes equality and, freedom, poverty reduction and quality of life for our communities.

CONCLUSION

Although our municipality seems to have more challenges, the objectives of the Department are to work hard on the few Programme that are mentioned and also to meet deadlines.



DIRECTOR LED
MR. M.J.⁵⁴NTSELE

UMHLABUYALINGANA LED AGRICULTURE PROGRAMME

Agriculture is one of the Umhlabyalingana economic pillars, predominantly subsistence oriented farming has been not even a supplement but source of food for food security. Our area is subdivided into a number of farming regions according to climate, natural vegetation, soil type and the type of farming practice that is why in Umhlabyalingana LED Strategy agriculture has been identified as a major economic activity practiced by the local communities. Further quite a number of community based agricultural projects have proposed during the IDP forums of the municipality. Therefore, on the following section the LED department will be reporting on agricultural activities (service delivery) that has taken place during 2007/2008 financial years.

MUNICIPAL TRACTOR SERVICE

The municipality has got two tractors solely for ploughing community based agricultural projects and cooperatives. In this financial year of 2007/2008, in total the municipality has cultivated 4200 hectares of land from all wards of the municipality. All projects that were cultivated must come from the IDP. It is the function of ward councilor to submit projects that need tractor.

In our monitoring and evaluation process visiting the projects statistically, it indicates that 125 community members have created business opportunities for themselves through agricultural projects.

LOCAL ECONOMIC DEVELOPMENT ANNUAL REPORT 2007/2008

Introduction:

Section 153 of the South African Constitution (1996) provides the context in which municipalities should operate. It states that, including giving priority to the basic needs of the community, municipalities should also “promote social and economic development of the community”

Further to this, the purpose of Umhlabyalingana LED department is to facilitate and ensure that the provision of infrastructure, service and support, thereby creating an enabling environment for citizens to utilize their full potential and access opportunities which enable them to contribute towards vibrant and sustainable economy with full employment.

In light of this, as Umhlabyalingana Local Economic Development Department, we are here by to present an annual report for 2007/2008 on Service Delivery for LED that has been successfully achieved in this particular financial year. Therefore our report is on the following sections:

- Agriculture,
- Tourism,
- SMME development and
- Funding sourced for LED projects



Tractor for the municipality busy on one of LED Agricultural Project at ward 4



Mr Tembe of Bhekabantu Commercial Agricultural Project



Bhekabantu Commercial Agricultural Project of Ward 9



Umgodiwemvubu community is the best example for food security

FOOD SECURITY PROGRAMME

To ensure a sustainable agriculture development and co coordinated approach to agriculture development a food security forum was established. This food security forum comprises all government departments that have interest in supporting agriculture development. The following are the stakeholders sitting on this forum and Umhlabayalingana LED department as the champion:

- (a) Umhlabayalingana Municipality LED Department
- (b) DAEA (Department of Agric and Environmental Affairs
- (c) Department of Health

- (d) Department of Education
- (e) NGOs
- (f) Umkhanyakude District Municipality

The following are Food Security Projects that have been identified at Umhlabayalingana municipality, namely:

- Umgodi wemvubu @ ward 9
- Vukujule @ ward 11
- Vezukukhanya @ ward 4

An amount of +/- R800 000.00 has been allocated to implement LED food Security Projects at Umhlabayalingana Local Municipality. The picture below is Umgodiwemvubu situated between Sicabazini and Phelandaba of ward 8 and 9.

LED Agricultural Projects in Partnership with Private Institutions



Kwasa Essential Oil Project of Ward 11

Above, Kwasa Essential oil project beneficiaries doing some cutting at their nurseries while Mr. Khumalo of Science and Technology the funder watching the passionate woman as they perform their duty



Isambane Essential Project of Ward 11

Above Mr. Jan Lekalakala from CSIR at Isambane LED essential oil project at ward 11, this is on first day after the delivery of container offices as all essential oil project received container office which include a storeroom.

Umhlabuyalingana Municipality has entered into a Memorandum of Agreement with Center for Science Institute and Research (CSIR) on essential oil projects funded by department of Science and Technology. This is a three year project started early 2007 and an amount of R2.5 million has been allocated for the implementation of essential oils project. CSIR is an implementing agent commissioned by department of Science and

Technology. At the moment 28 full time jobs have been created. The main objective of essential oil projects is to promote commercial agricultural practice and empowerment of rural women. The following are photos Showing the success of essential oil projects initiative.



Mr Mkhonto (LED Agricultural Officer) testing the solar powered weather station install at Kwasa Essential Oil Project at ward 11

LED Officer testing the weather station at Kwasa essential oil project, this device is used to monitor weather and moisture content and is controlled from Pretoria.

Livestock LED Community Projects

Umhlabuyalingana municipality has initiated quite a number of livestock projects to encourage communities with the culture of farming indigenous goats and nguni-cattles. Namely:

- Mfihlweni Goat Farming Project,
- Manzengwenya Goat Farming Project
- Mphakathini Goat Farming Project
- Gazini Goat Farming Project
- Sicabazini Goat Farming Project
- Mafa Nguni Cattle Project
- Nhlangonde Nguni cattle Project



Sicabazini goats Project at ward 8



Nhlangonde Cattle Project of Ward 4



Gazini Goat Farming Project of Ward 12



**Mphakathini Goat Farming Project of Ward 2 with
Inkosi Nxumalo receiving goats**



Members of Mfihlweni Goat Farming Project fencing their project (Ward 11)



Mfihlweni Goat Farming Project of Ward 11



**Gazini Goat Farming Project and members of the patrolling
the fence (Ward 12)**



Gazini Goats Farming of ward 12 the chairperson of the project showing the commitment



Mafa Nguni Cattle Project of Ward 7



Chairperson of Nhangonde Cattle Project Brushing the Bull after live stock management training in Ward 4

Lack of agricultural skills in almost all community projects for agriculture has been a challenge and a cause for failure. Workshops have been arranged for members of agricultural projects. An overall about 300 community members from different agricultural projects were trained during the financial year of 2007/2008. The following are the trainings completed:

- (a) vegetable production
- (b) live stock management
- (c) farm management
- (d) nursery management
- (e) mushroom production
- (f) essential oil production

UMHLABUYALINGANA TOURISM LED PROGRAMME

LED CRAFT PROJECTS



An individual crafter at Maviyo at Skhemelele he is the best on craft made out of plants roots. *WARD 6*

INTRODUCTION

Umhlabyalingana is one of the rural Municipality areas under Umkhanyakude District Municipality declared by he State President as a nodal area which means that it is characterized by poverty, unemployment, illiteracy and victim of the pandemic HIV/AIDS. It is of that reason Umhlabyalingana Municipality has encouraged the local communities on

utilizing the natural resources such as ilala, incema and others in fighting poverty.

PROGRAMME FOR CRAFT DEVELOPMENT

On our last financial year our priority was to try to expose our crafters and get rid of the middle man that has been exploiting the craft industry. To ensure this, we worked jointly with the Provincial Arts, Culture and Tourism Department, NGOs, Department of Economic Development and our District Municipality. The following are the areas prioritized to develop crafters:

- ✦ Craft development
- ✦ Product design,
- ✦ Quality control,
- ✦ Marketing and
- ✦ Exhibition.



Silhangwane crafters in action as their craft currently in Brazil

As Umhlabayalingana municipality we have assisted our crafters to attend and participate on national and international exhibition.

- Last year (2007) Mr Vusi Gumede of ward 7 from Etshowe representing all crafters from Umhlabayalingana was sent to India International Exhibition.
- This year 2008 Mr Enock Mabika of ward 13, Mrs B. Gina of ward 5 and Mr Jerome Gumede of ward 5 representing crafters from Umhlabayalingana they have attended an annual national craft event known as One Of a Kind Event in Midrand selling their craft work.
- Currently Umhlabayalingana art has been nominated as the finalist in provincial selection and Umhlabayalingana crafters selected to attend an international exhibition in Brazil.

- Mr Enock Gumede of ward 13 has been employed by Department of Art, Culture and Tourism for the training of prisoners in craft skills.
- Umhlabuyalingana Local Municipality has made a tremendous support by building a house for disabled crafters in ward 5 at Mseleni. As shown on pictures.



Mrs Sokhele and Mr. Mabika one of the best crafters on visual art.



Group of Disabled People of Mseleni were using this house to do their craftwork before the municipality assisted them with shelter in Ward 5



**New House for the Disabled People at ward 5 for Craft Project built by
Umhlabyalingana LED Department**



Mseleni Disabled Project before municipality assisted them (Ward 5)



**New Mseleni Poultry Project for the Disabled at Ward 5 built by
Umhlabayalingana LED Department**



**Sicabazini Craft Work Launch / dining room suit packed
at their storeroom in Ward 8**



Selection of craft to Brazil exhibition



The finalist on Brazil craft selection (from left is Mavis of Scabazini craft and Ms Zikhali from Mbazwana crafts.



Local exhibition took place at Ndondweni where lot of arts work was discovered

To implement the programme, a gendered balanced local and district forums were established, comprising 6 members selected from 26 groups of Umhlabayalingana comprising 6 people, 3male, 3 female, 1 person with disabilities and the following are the people that were selected, namely:

NO	NAME AND SURNAME	WARD	GENDER	CATIGORGY
1	Mrs B Bukhosini	5	Female	Moral Regeneration
2	Mr. J Gumede	5	Male	Disabled
3	Mr. E Mabika	7	Male	Visual art
4	Mrs R Sibiya	5	Male	Drama
5	Ms B Biyela	8	Female	Craft
6	Ms L Shange	1	Female	Gospel



The municipality is encouraging the local communities to utilize the natural resources (Ilala)

UMHLABUYALINGANA SMME DEVELOPMENT PROGRAMME

SMMEs is another key performance area of the LED Department this also includes Co operatives Development, on this sector as an LED we have a number of intervention in assisting local Small Business and Co operatives like:

1. Training local entrepreneurs on business skills
2. Sourced funding for business plans in all business sectors
3. Taking local entrepreneurs to provincial business
4. Assist local small businesses to register the businesses in provincial data base.

On the SMMEs programme on our last financial year we trained 132 on Business skills and registered 16 co cooperativeness and we have successfully linked others with small business support centre like Umsobomvu, CEDA and Umhlosinga development agency.

The following are some of the SMME LED projects that have been initiated at Umhlabuyalingana



Sicabazini Catering Group operating after they have received training



Mafa Cattle project beneficiaries after graduating on farm management training funded by Oxfam through MDIC and the training was conducted by Zakhe Training in Ward 7



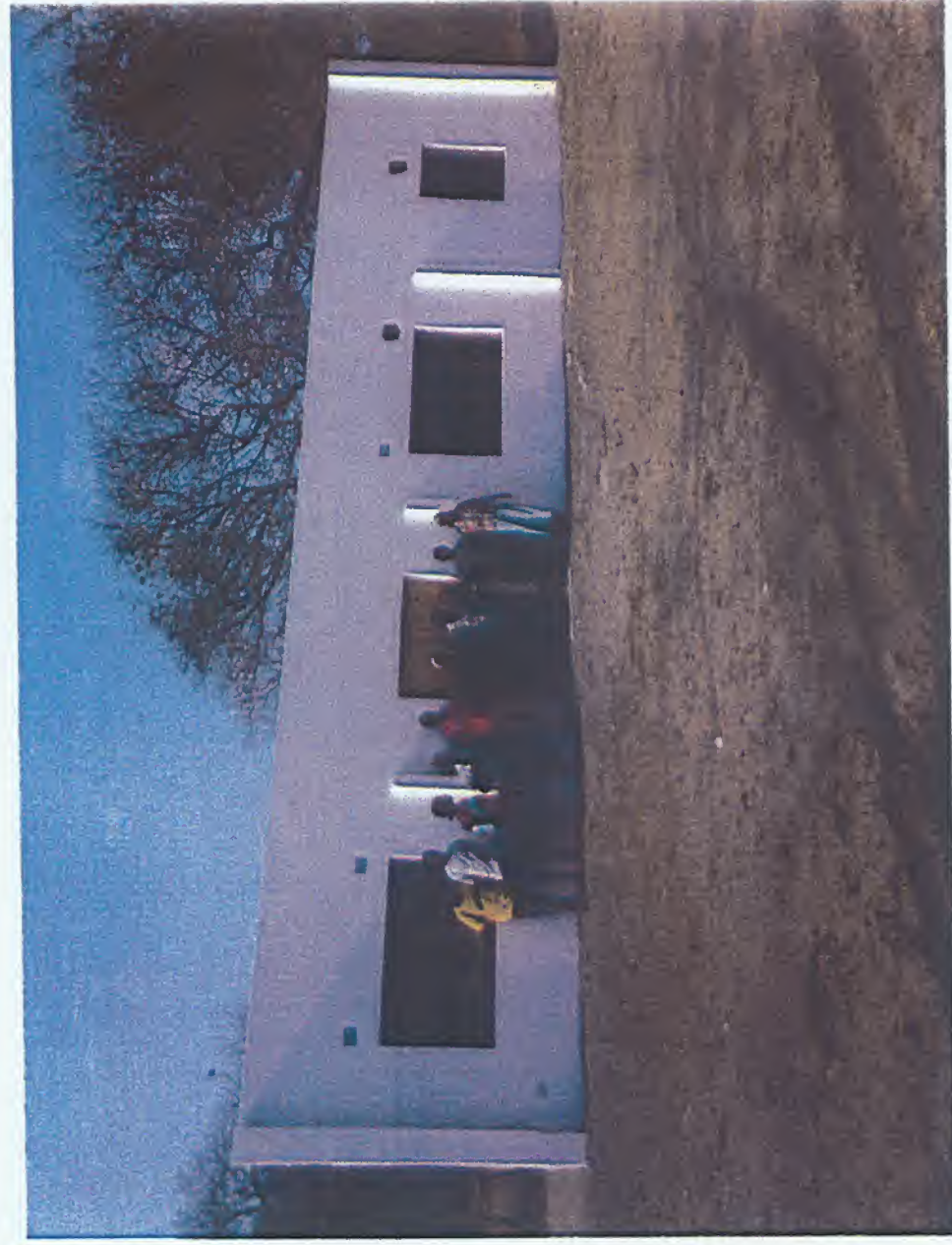
Mabaso Community Market to Support SMMEs with Infrastructure in Ward 3



Councillors and Officials at Mabaso Community Market Ward 3



**LED Project MTN Container with Public Phones for the Disabled
People at Mbazwana**



Zamazama Sewig Club of ward 6, standing at the door with enthusiasm.



Sicabazini Sewing Project of Ward 8 when still under construction



**Marula Jam Project Members of the Project showing
how to change marulas to jam in Ward 6**



A member of Marula Jam Project at SMME Development Summit in Richardsbay



An under utilized Engozini Market Stalls at ward 10

FUNDING OUT SOURCED FOR LED COMMUNITY PROJECTS BY UMHLABUYALINGANA LED DEPARTMENT

One of the challenging duties for our LED department is to compile the business proposal for out sourcing funds for community based LED projects. In 2007/2008 financial years our department has managed to out sourced an amount of R3 million for LED initiatives either for actual implementation or the packaging of projects (feasibility studies & business plans). Some of the funds that have been out sourced were directly deposited to the account of the beneficiaries and the role of the municipality is to monitor the progress. And to other applications the funding was deposited to the account of the municipality and the role of the municipality is to implement those projects and give a report to the funder. The table below shows the name of the

projects, the organization funded the project and amount and lastly is whether the funding was given to the municipality or beneficiaries.

Project Name	Funder	Amount	Implementing Agent	Location
Madonela Commercial Agricultural Project	Department of Economic Development (DED)		Municipality	Ward 13
Mgodi Wemvubu Agricultural Project	Department of Agriculture		Department	Ward 9
KwaTembe Concrete Stone Project	DLGTA	180 000.00	Municipality	Ward 6
Nhlanga lake Restaurant	DLGTA	180 000.00	Municipality	Ward 10
Manzengwenya Tourism Project	DLGTA	180 000.00	Municipality	Ward 5
Engozini Road	Project Consolidate	2.7 million	Municipality	Ward 10
Khiphimbazo Water project	Project Consolidate		Municipality	Ward 7
Rehabilitation of Manguzi Town Roads	DLGTA	3.2 million	Municipality	Ward 1
Essential Oils Project	CSIR		Beneficiary	Ward 11



**Manzengwenya Community Tourism Project Consultants
on site, with LED Official and project beneficiaries
sharing the experience of Sibaya Lake in Ward 5**

THE TECHNICAL DEPARTMENT REPORT 2007 / 08

Introduction And Purpose

The purpose of this report is to highlight the progress to date on the infrastructure projects on 2007 /08 financial year being funded by MIG and project consolidate.

There has been many interesting development in the municipality this year, and one of the major developments was the establishment of the Technical Department and employment of the technical Director Miss Ndovela. The department remains the smallest department within the municipality with only 4 people including the Director but it has the biggest heart in that it operates on a budget that exceeds R15 million and is accountable 2 portfolio committees the land and planning portfolio committee and the infrastructure committee.

The director believes that the stability of the department will be evident at the end of the next financial year, because although this department was not operational some of its functions such as the provision of infrastructure were applicable, this resulted in a huge technical backlog and technical defects there , the backlog is huge in terms of expected expenditures, however the good news is , Umhlabyalingana will be seen implementing major long term benefiting projects such as the roads, the township establishment, the community halls, the traffic department, the council chamber the extension of the offices including sale of land

Project Consolidate

1. Khiphimbazo phase 1 water scheme for a amount of R3,0 million. This project was successfully completed in 2007 /08 and 2944 households benefited in ward 5. The project was done by Terattest incorporated as project managers and Northern Natal as contractors.
2. Engozini Gravel Road for an amount of R2 795 million.

The project was successfully completed in 2007 / 08 and 2970 households benefited. The project was done by Idwala Project Managers and Jumbo construction.

MIG Projects

In 2007 / 2008 financial year the MIG allocation was for the council Chamber, which is still I progress.

The following projects are in the implementation stage, some in the design stage and some in the tender stage

1. The council chamber and extension of offices (construction expected to commence January 2009, very very early around the 2nd and or the 3rd of January 2009)
2. The traffic department (construction expected to commence January 2009 , very , very, early around the 2nd and or the 3rd of January 2009.)
3. The Mbazwana roads (construction expected to commence January 2009, very, very, early around the 2nd and or the 3rd of January 2009.
4. The Manguzi roads (construction expected to commence January 2009, very, very early around the 2nd and or the 3rd of January 2009)
5. The Khiphimbazo phase 2 water project, will be completed before Christmas.

The department is currently busy with the development of the business plan for the projects that will be implemented as early as April 2009,

- The Masibambisane community market ward 10
- Mhlakwe community hall ward 3
- Mphakathini community hall ward 7
- Rehabilitation of part of Njini road (2km) ward 5
- Bhekabantu community hall ward 9
- Road from Thandizwe to Pikinini Nyamazane ward 12

All these projects are big projects that amounts to R13 million, say at 2 million per project

PROMOTIONS ! PROMOTIONS ! PROMOTIONS ! Nokuphila has just been promoted as the IDP / PMU manager, we say well done Mrs Mthembu ! (PMU.... Project management unit)

**THE TECHNICAL DEPARTMENTS MOTTO “MAN’S INTEGRITY IS MEASURED ON
MAN’S ABILITY TO RISE UP AFTER A FALL, GREATMEN AND WOMEN DO NOT
COMPROMISE INTEGRITY BECAUSE THEY ARE NOT AFRAID TO FALL YET ONCE
AGAIN “**

REPORT BY THE MUNICIPAL MANAGER

ANNUAL PERFORMANCE ASSESSMENT

1. INTRODUCTION

Performance Management System is not only a measurement tool but a management tool, to improve performance in the organization. Performance is not improved by awarding bonuses to good performers and penalising the others, but by continuously monitoring progress throughout the year.

The time has come for us to conduct the annual assessment as a collection and assessment of all the work done during the year.

2. STRATEGIC INTENT

At the beginning of the year, we set out to look at a long-term vision of the Municipality through Vision 2020. Under each key performance area long term objectives have been set, which emanated to the current year outputs linked to the long-term objectives.

It is critical for us to understand that for all targets met during the period under review we are a step closer to delivering on our long-term objectives and visor-verso.

3. CHALLENGES

Like in any other battle, we face different challenges in our battle to break the chains of poverty. Central to the challenges is what is considered to be the crux of economics, having limited means to fulfil unlimited needs.

3.1. Financial

The Municipality has no revenue based and relies fully on government grants, mainly the equitable share, for survival. Unfortunately when the Municipality was demarcated it was left with an area with little chance in the foreseeable future to ever have own generated revenue.

To add to these problems, the National Treasury reduced the equitable share allocations for the 2007/08 financial year by R 5 million, whilst at the same time councillor salaries had been increased by approximately R 5 million. This set back the available resources by almost R 10 million.

The implications of this manifested in a most hideous manner through cash flow problems in the Municipality. For the best part of the second quarter, we had to halt some programs as a result of financial constraints. It shall also be noted that the Cash Flow projections were done, but the change of the government transfers; from four to three instalments a year deepened the crisis.

Even though we faced these problems the storm is now over. The biggest challenge going forward is to implement stringent and prudent financial management controls to avoid ever going through the same cycle again.

3.2. Human Capacity Constrains

Staff turnover and vacancy of key positions has been highly crippling the progress towards achieving the set objectives. The high vacancy rate can be classified into three sections;

- Leaving of key technicians/specialist
- Vacancy of Senior Posts including ONE Head of Departments
- Vacancy of technical posts within the Technical department

This vacancy rate directly impacts on the ability of the management team to effectively perform their duties. This however is a dilemma since the Municipality is also faced with some serious financial limitations.

We therefore have a task of seriously reviewing our approach in terms of service delivery mechanisms. Wherever specific functions can be

performed externally in a more efficient manner, it should be highly considered to improve performance

DEPARTMENTAL VACANCY SCHEDULES

DEPARTMENT	TOTAL POSTS	VACANT POSTS	VACANCY RATE	COMMENTS
Office of the MM	4	1	25%	
Financial Services	11	6	55%	The senior accountant is leaving end of February
Corporate Services	15	2	13%	The HOD has just been appointed beginning of March
Community Services	16	5	31%	The Department has no Technicians/specialists in place
LED Services	7	3	43%	Tourism & Enterprise Development Off left during the year and is crucial
Technical Services	9	6	70%	The Department has no Head of Department and Technicians in place

3.3. Performance Management Systems

Emanating from some of the issues raised above we have not implemented the Performance Management as promptly as we ought to. We however have covered a lot of ground, putting ourselves ahead of most municipalities with the same grading as ours.

We have been able to do the following;

- Develop PMS policy framework
- Develop a policy framework for cascading down PMS
- Develop an organizational scorecard
- Develop scorecards for all Head of Departments,
- Establishment of the Performance Assessment Committee

Another challenge was the sitting of the Performance Assessment Committee. The dates were regularly postponed and it was difficult to find proper dates for different members. This may be countered during the next financial year by having an annual schedule of meetings that shall be adhered to.

We have however not been able to meet some of the expectations we have put for ourselves;

- Conduct the 1st quarterly review
- Conduct the 2nd quarterly review and
- Conduct the 3rd quarterly review

The biggest failure that we have to acknowledge however is our failure to put the PMS at the centre of our day-to-day running of the Municipality. It is my belief that if we could embrace it and diligently use it to guide our meetings from the Management Committee Meetings to different council structures meetings; we would hugely improve our performance.

4. KEY INTERVENTIONS AND RECOMMENDATIONS

As indicated above this exercise is aimed at improving the performance of the Municipality, herewith are my recommended interventions to be implemented as a matter of urgency.

4.1. Financial Constraints

To address issues raised we have tabled the half yearly adjustment budget. Further to this a more cautious and prudent attitude towards financial management must be adopted.

To bring long-term relief to this challenge both council and management have to come to a consensus program aimed at stabilising the financial position of the Municipality. This calls for some compromises to be made and thorough consideration to be given when budgeting period comes.

More importantly however is for the Chief Financial Officer to view the Cash Flow projections more seriously and provide more diligent projections

in future. These must accompany the budget and the Chief Financial Officer must give adequate explanations for the assumptions made thereto.

4.2. Human Capacity Constrains

As a matter of urgency the HOD vacancies shall be filled before the beginning of the last quarter. The HR section of the Corporate Services shall provide the placement schedule with clear deadlines for each budgeted position.

4.3. Performance Management System

We need to put the PMS as a central management tool. This will be done through the following;

- *Inclusion of the PMS Scorecards and progress thereto in all MANCO meetings,*
- *Inclusion of the PMS Scorecards and progress thereto in all EXCO meetings as a standing item*
- *Inclusion of the Departmental PMS Scorecards and progress thereto in all respective Portfolio Committee meetings as a standing item*
- *Inclusion of the PMS Scorecards and progress thereto in all Council meetings as a standing item*

Simply put no formal meeting within the Municipality, at all levels, shall take place with no relevant PMS Scorecard in place.

If this were to be done, if performance would not improve, at least everyone in the Municipality would know so at the right time, when something can still be done to rescue the situation, rather than looking at it at the end of the financial year.

5. WORD OF APPRECIATION